

WINTER 2008
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CONSUMER CONNECTION

SEASON'S GREETINGS: BE SMART, SAFE & A FRIEND TO THE EARTH



❁ Also in this issue: PAYDAY LOANS CAN BE DEBT TRAPS • RECYCLE YOUR OLD TV • TAKE CARE WITH CREDIT REPAIR

TABLE OF CONTENTS

WINTER 2008 ISSUE



1 DIRECTOR'S MESSAGE

2 SMART SHOPPING CAN PUT THE
HAPPY BACK IN YOUR HOLIDAYS



7 TOY TIPS: THINK SAFETY FIRST



10 THE "STUFF" OF TRADITION



12 TREE WARS:
NATURAL VS. ARTIFICIAL,
WHICH IS GREENER?



15 GIFT CARDS & CERTIFICATES ARE GREAT—
BUT BE AWARE OF STATE LAW



18 HOLIDAY STRESS DOESN'T
HAVE TO GET YOU DOWN



20 PAYDAY LOANS:
Debt traps for many people
Problems found with State's payday lenders
Credit repair services: Watch out for scams



23 UPGRADING YOUR TV?
GET RID OF THE OLD ONE SAFELY
Clearing up the digital TV transition



28 NEED A LICENSE FOR YOUR JOB?
READ ON!



29 CONSUMER ALERT: ROUND UP OF SCAMS



30 **CONSUMER CONNECTION SURVEY**



31 MONEY SMARTS
THIS EDITION: TAXES



The *Consumer Connection* is produced by the Department of Consumer Affairs' Office of Publications, Design & Editing. If you have any questions or comments, please e-mail us at consumerconnection@dca.ca.gov.

From the Director



While victims of three devastating wildland fires began rebuilding their lives last month in Southland, I asked California consumers to help put an end to unlicensed activity, when individuals practice a trade or profession without being properly licensed.

Kicking off the Professionals Achieving Consumer Trust (PACT) Summit at the Los Angeles Airport Westin Hotel, I told the news media, gathered in the O'Hare Room on the second floor, that the Department of Consumer Affairs (DCA) is committed to uncovering unlicensed activity in California, and urged Californians to make sure the people they hire and businesses they patronize have the proper licenses.

The value of the California professional and trade license cannot be overstated. For licensees, it ensures they compete on a level playing field. For consumers, a license assures them that licensees meet competency standards. And consumers have a means of seeking recourse if they receive unsatisfactory goods or services.

During the Consumer Trust Summit, DCA licensing agencies conducted a number of sting operations in Southern California and discovered a number of people and businesses operating illegally.

To view comments about the Summit, click on www.dca.ca.gov/summit/media.shtml, scroll down to "Watch testimonials from Professionals Achieving Consumer Trust Summit participants" and click on "Watch this Video."

DCA investigates as many as 12,500 unlicensed activity complaints a year. In the second quarter of this year, in just five of DCA's more than 40 boards, bureaus and other regulatory

programs, nearly 2,200 incidents of unlicensed activity were uncovered.

Over the years, DCA has found a number of instances where illegal operators did serious harm to consumers. For example:

- In Anaheim, the operator of a rehabilitation program for neurologically disabled children was providing physical therapy without a license, allegedly injuring a 4-year-old child.
- In Sacramento, a man posing as a contractor took the entire life savings of an elderly couple and disappeared, leaving them \$253,000 in the hole and their home in ruins.
- In San Jose, an unlicensed cosmetologist pleaded no contest to 11 felony and misdemeanor charges for conducting illegal plastic surgery and assisting a man who disfigured several victims while performing surgery without a license.

These cases are among the most serious. But others, while less dramatic, are also potentially damaging to the health and safety of consumers. What's more, unlicensed activity hurts an already battered economy. Many of the people who do not have the proper trade or professional licenses also don't have business licenses, sales tax permits and other licenses, depriving State and local governments of badly needed revenue. And too often, the work they do is shoddy and has to be redone, hurting the pocketbooks of consumers. I appeal to California's consumers for help in routing out illegal operators.

We know our efforts at DCA are just the tip of the iceberg. The only way to stop these scofflaws is for consumers to "inquire before you hire." I urge Californians to visit the DCA Web page dedicated to unlicensed activity at www.inquirebeforeyouhire.ca.gov.

A handwritten signature in gold ink that reads "Carrie Lopez".

CARRIE LOPEZ, DIRECTOR
California Department of Consumer Affairs

SMART SHOPPING

CAN PUT THE HAPPY BACK IN YOUR HOLIDAYS





You know that saying, “When the going gets tough, the tough go shopping”? If that’s your motto, you may need some new strategies to navigate holiday shopping in these tougher-than-tough times.

Here are some tips from various sources on how to shop online and offline while keeping your credit—and your sanity—intact.

First of all, let’s look at the trends. Some experts are suggesting that this year consumers will be looking for bargains and making sure they get their money’s worth like never before. So what does that mean?

- Less impulse shopping
- Watching for sales or promotions
- Using coupons or rebates
- Using online tools or comparison shopping to find bargains

All those will help, of course, but it’s important to remember that being smart about shopping is something that’s always in season. Here are some suggestions from the Federal Trade Commission.

When shopping online

- If you’re not familiar with the seller, do some research before you buy. Look up reviews of the seller. Call the seller’s phone number. If you can’t find a working phone number, take your business elsewhere.
- Read the return policy before you buy. Some retailers have a short time limit or don’t accept returns at all. Ask who pays for the shipping cost and if your online purchase can be returned to a bricks-and-mortar store. Some returns have to include the original packaging to be valid.
- Know what you’re buying. Read the seller’s product description closely. Name-brand items at greatly reduced prices could be knock-offs. Watch for words like “refurbished,” “reconditioned,” “close-out,” “discontinued,” or “slightly imperfect” as code words for slightly less-than-perfect condition.
- Look for signs that a site is safe—such as a closed padlock icon on the browser’s status bar—before you enter your personal and financial information. When you’re asked to provide payment information, the beginning of the Web site’s URL address should change from http to shttp or https, indicating that the purchase is encrypted or secured.
- Secure your computer. At a minimum, your computer should have up-to-date anti-virus and anti-spyware software, and a firewall.
- Consider how you’ll pay. Credit cards are considered safe because they allow buyers to seek a credit from the issuer if the product isn’t delivered or isn’t what was ordered. Also, if your credit card number is stolen, you generally won’t be liable for more than \$50 in charges. (Check with your bank for specifics.) Don’t send cash or use a money-wiring service.
- Print and save records of your online transactions, including the product description and price, the online receipt, and copies of any e-mails you exchange with the seller. Check your credit card statements as soon as you can to make sure there aren’t any unauthorized charges.

When shopping in person

- Watch the scanner when you check out. Retailers frequently have new sales and markdowns during the holidays, and sometimes the cash registers don't have the current prices. If you think the price isn't right, speak up. If you go shopping for something you saw advertised, take a copy of the ad with you.
- Keep your receipts. Be sure you understand the store's refund and return policy, especially for items on sale or clearance.

Know what "deferred interest" means

No interest or finance charges for 12 months sounds great, but be sure you understand what it means. If you can pay off the bill within 12 months, you won't have any finance charges or interest, but what if you still owe a balance after the 12 months? You would be charged interest only on the remaining balance, right? Not likely. In most cases, you would be charged interest on the entire bill, not just the unpaid part. Be sure the salesperson explains that to you.

Investigate before you buy

One of the many things the Internet is great for—besides ordering—is researching. Online shopping sites with price comparisons and product reviews, are a great way to help you select exactly the product you want at the right price. Here are some popular online comparison shopping sites:

www.shopzilla.com

<http://shopping.yahoo.com>

www.BizRate.com

www.Pricegrabber.com

<http://shopping.msn.com>

Buying by bid

If you shop online auction sites, you should be aware that auction fraud topped the list of complaints received in 2007 by the Internet Crime Complaint Center IC3. Just over 99 percent of those who complained reported a monetary loss. The median loss per complaint was \$500.

Three shopping bags are shown side-by-side. The bag on the left is silver, the middle one is red, and the one on the right is light blue. They are all made of a shiny, crinkled material and have handles. The bags are standing upright and appear to be full of items.

When using Craigslist, experts recommend buying locally from someone you can meet in person. Meet in a neutral, public place and bring a friend or two. Pay in cash.



Here are some tips from the Federal Trade Commission and the California Office of the Attorney General to help you protect yourself when participating in online auctions.

- Become familiar with the auction site. If the site offers a step-by-step tutorial on the bidding process, take it. It may save you frustration and disappointment.
- Try to determine the relative value of an item before you bid. Be skeptical if the price sounds too low to be realistic. Stolen and counterfeit goods are sometimes sold on auction sites.
- Find out all you can about the seller. Avoid doing business with sellers you can't identify, especially those who try to lure you off the auction site with promises of a better deal.
- Some auction sites post ratings of sellers based on comments by other buyers. Check them out, but be aware that comments sometimes are submitted by the seller or by people paid by the seller.
- Find out who pays for shipping and delivery. Generally, sellers specify the cost of shipping and give buyers the option for express delivery at an additional cost. If you're uncertain about shipping costs, check with the seller before you bid.
- Check on the seller's return policy. Can you return the item for a full refund if you're not satisfied with it? If you return it, are you required to pay shipping costs or a restocking fee? E-mail or call the seller if you have any questions. Don't place any bids until you get straight—and satisfactory—answers.
- Do not wire money to a seller. Both Western Union and MoneyGram International advise consumers not to use their services when paying for eBay purchases. Use a payment method specifically designed for Internet auction sites, like PayPal or BidPay.
- If you're using eBay, report suspicious activity to eBay's Customer Support. This includes reporting anyone who solicits you to buy off eBay's site.

Person-to-person sales

If you are using an online classified advertising site, such as the popular Craigslist, there may be a higher potential for scams, but there are ways to avoid problems. Many experts recommend buying locally from someone you can meet in person. Of course, you should meet in a neutral, public place and bring a friend or two. Pay in cash. Avoid deals involving shipping or escrow services.

If you've been a victim of a scam, you probably won't get any help from Craigslist, although it wouldn't hurt to complain. Craigslist is not involved in individual transactions and offers no buyer protection.

No cash, no credit, no problem:

An old idea is new again

Long before Life Takes Visa®, there was another way to pay for things over time. Your grandma probably used it to pay for her new Electrolux. It's called layaway.

The practice, paying for an item bit by bit before you take it home, is experiencing a rebirth among some retailers targeting consumers are who unable, or unwilling, to use a credit card. Kmart is promoting the practice as an affordable way to finance holiday purchases. A handful of other retailers are reportedly offering layaway, too, including some locations of TJ Maxx, Marshalls, Sears, and Burlington Coat Factory. You can even place items on virtual layaway through online sites such as eLayaway or Layaway.com.

Don't expect to place items on layaway at Walmart, however. The nation's largest retailer dropped the service in 2006.

You don't pay interest charges with a layaway, but there is a fee to use the service. You'll also have to make an initial down payment, and finish paying off the item in 30 to 60 days, depending on the store's policy. If you don't make all the payments, you'll get your money back, minus the fee. Remember, you don't get to take the item home until it's completely paid for.

If you are considering using layaway, be sure you understand what it involves. Ask about refunds, the amount of each payment, and when payments are due. Federal law does not specifically address layaway, but California law requires a written statement from the seller with the terms and conditions specified. (Civil Code sections 1749-1749.45).



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>>> Toy Tips: Think safety first

We will spend \$20 billion on toys this year, an average of \$350 per child for holidays and birthdays, according to the Toy Manufacturers Association of America. Although most purchases will be perennial, brand-name favorites, some parents will bow to their children's pleas for character toys featured in the latest movie, or "retro" toys popular in their own childhood. Today, there is even a movement to promote "green" toys that have a small carbon footprint and teach ecological values. Regardless of the type, all toys have one thing in common—the potential to harm your child.



Here are tips to help you keep safety in mind with your toy-buying decisions:

Be age appropriate

Not only is it important to choose toys recommended for the age of a child, parents and child care providers should also ensure that younger children do not have access to older children's toys that could harm them.

Are You Buying The Right Toy For the Right Age Child? This publication is available free from the U.S. Consumer Product Safety Commission (CPSC). Find it online at www.cpsc.gov. It provides general safe toy selection guidelines for children ages

1 to 12. The CPSC Web site provides other safety-related publications about recreation and sports products, children's products, and more.

Look for toy suggestions

The non-profit Canadian Toy Testing Council has been advising parents about toys since 1954. The Council's Web site lists toys that have won awards, including Children's Choice Awards, and suggestions for children's books. Visit the Council online at www.toy-testing.org.

The Toy Industry Association has a downloadable publication about suggested toys for intergenerational play. Find it at www.toyassociation.org.





Meet special needs

Let's Play: A Guide to Toys for Children with Special Needs, produced by the American Foundation for the Blind (AFB), is an online guide will help people select gifts for children with disabilities. The guide covers toys for children with physical, hearing, and visual impairments, and developmental disabilities. The guide is available at the AFB's Web site at www.afb.org.

Be safe with second-hand toys

Our uncertain economy will tempt many parents to shop for second-hand toys in thrift stores or online. Shoppers should be extremely cautious when purchasing used toys. They toys may have been altered or have missing parts, or may have been recalled because of safety risks. The seller is not likely to know or to tell you the risks of specific toys, so its up to you to research the item. Just because a toy doesn't show up on a recall list doesn't mean it is safe. Additional research may be necessary.

The following Web sites have information on selecting toys:

Toy Industry Association—Information for parents on toy safety:

www.toyassociation.org

Consumer Product Safety Commission—List of recalled toys:

www.cpsc.gov/cpsc/pub/prerel/category/toy.html

Centers for Disease Control and Prevention—List of toys recalled because of lead content:

www.cdc.gov/nceh/lead/Recalls/toys.htm

Canadian Toy Testing Council—Evaluations of toys for design, function, durability, and play value:

www.toy-testing.org

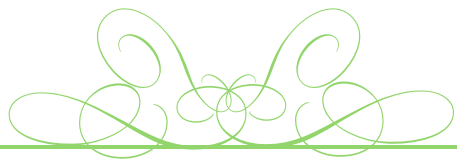
World Against Toys Causing Harm, Inc. (WATCH)—A toy report card and a list of the 10 worst toys:

www.toysafety.org

American Academy of Pediatrics—Resources on toy safety and lead poisoning:

www.aap.org/new/toyrecall.htm





"STUFF" THE OF TRADITION



Ah, the holidays. The season of...stuff.
And more stuff. We buy it, trade it, wonder which of it to give, to re-gift, to return. Then, when the party's over, we wonder where we'll store all of it. And the amount of it grows each year as we get older. According to the California Integrated Waste Management Board, an extra million ton of waste is generated each year between Thanksgiving and New Year's.

Here are a few ways to maintain tradition in nontraditional ways:

Alternative communication

If you don't want to contribute more paper to the 2 billion cards estimated to be sent through the mail this year, or if you're getting cold feet about writing the family letter, consider going paperless. Go online and start a family blog. Create an e-card or an online slide show; many sites offer these at no charge or for a fee that will allow you to reach more with less.

Wrap it up

Get creative! What do you have around the house that you can use as wrapping paper? Posters, pages from magazines, favorite sections of the newspaper, old blueprints, shopping bags, or even fabric from that sewing project you never got around to can be used as gift wrap. So can tablecloths, scarves, and old jewelry boxes. If you do buy ribbon and paper, try to buy those made from recycled content.

Gifts without boxes

Tickets to events such as plays, concerts, or sporting events not only save paper, they can give an additional bonus—the gift of time together.

Movie passes and magazine subscriptions are gifts that can be appreciated year-round. Physical and intellectual stimulation are healthy as well: How about a membership to a museum or to a gym?

Make a donation to a person's favorite cause or charity. Plant a tree, donate clothing, or support literacy programs in someone's name. Is your person an animal lover? Most shelters publish a "wish list" of items needed throughout the year.

How about giving the gift of yourself? Volunteer at a charity event, nursing home, food closet, or an animal rescue or shelter.

In our high-tech, rush-everywhere world, sometimes the simplest gift is the best. Give up: It's the gift of time. Instead of a Starbucks or an iTunes card, make your own gift card. Take time out to meet a friend or family member for coffee, dinner, or dessert. Take a walk in the park or go for a bike ride. Take time to catch up and show you care. Don't forget to take time out for yourself as well.

For more no-waste gift-giving and gift-wrapping ideas, go to the California Integrated Waste Management Board's Web site at www.ciwmb.ca.gov/publiced.Holidays/NoWaste.htm.



TREE WARS: Natural v

As soon as the holiday decorations start showing up on store shelves, it starts to happen: The great tree debate. The question has grown with each greenhouse gas-producing, carbon footprint-counting, eco-consciousness raising year, especially in California:

Is it greener to have a real tree, or is fake the new green?

Although it may seem like an age-old debate; it's closer to a decades-old option.

The first artificial green tree was created in the 1930s by the Addis Brush Company, who used their toilet brush-making machinery to fashion fake limbs and branches. The Addis Silver Pine model was patented in 1950, and had a revolving light underneath that alternated in different colors.

In 1959, the Aluminum Specialty Company of Manitowoc, Wisconsin, put the first aluminum tree on the market. After low sales the first year, Manitowoc produced its second model, the Evergleam, in 1960 and sales took off like a rocket. Another fancier model, the Evergleam Pom-Pom Permanent Tree, was introduced the same year. Because of the metal construction, lights could not be strung on the branches; light was provided by an electrical color wheel.

s. Artificial

which is greener?

Today's trees come much closer to looking like the real thing than did their toilet brush predecessors. According to the National Christmas Tree Association, 85 percent of artificial Christmas tree production now occurs in China. And last year, according to the International Trade Association, more than 150,000 artificial Christmas trees were imported into the United States.

Although artificial trees may be more convenient, they're not exactly green. Most artificial trees are made of metal and plastics made from petroleum-based products like PVC, which have a high enough potential for lead poisoning to garner a Proposition 65 warning label if they are sold in California. You can read more about lead poisoning and artificial trees at the Children's Health Environmental Coalition Web site at www.checnet.org/healthhouse/education/articles-detail.asp?Main_ID=700.

According to the National Christmas Tree Foundation, artificial trees are no more fireproof than their real counterparts. Overloaded electrical outlets and faulty wires are the main causes of house fires during the holiday season.

So, is real still the greenest way to go?



TREE WARS: Continued



The National Christmas Tree Association (NCTA), Treehugger.com, the American Forests Association, and Dr. Patrick Moore, co-founder of Greenpeace, all agree that the answer is still yes. According to Moore, live trees help fight global warming by absorbing carbon dioxide and other gases and releasing fresh oxygen, plus they provide a habitat for wildlife. Tree farmers plant one to three new seedlings for every tree they cut down. Plus, real trees are recyclable. Trees processed through community recycling programs provide mulch for playgrounds, hiking trails, and other uses, and whole trees are used to prevent erosion and are sunk into lakes and streams to provide protection and feeding areas for fish.

If you still don't want to buy a cut tree, here are some options:

A live tree. Keep it in a pot and bring it back in next year, or plant it in the backyard after the holidays. Just make sure the type of tree is right for your area.

The holiday palm tree. This is California! If you happen to have a palm tree in the house or in a planter, you can bring it in and string lights in the fronds. Think Corona beer commercials.

Decorate existing house plants. Set it up on the table, add a few lights or sparkly things and you've got a holiday tree! This is especially good if you are cramped for space or live in a small apartment.

Wreaths. Bring the wreath from the front door to the indoors. Wreaths come in all shapes and sizes and take about as much room as a flat-screen TV.

Wire or brush structures. Use chicken wire and your imagination to make a custom tree. Have any tumbleweeds hanging around? Those can make a great tree as well.

Resources:

The National Christmas Tree Association has tips on how to care for your fresh tree at www.christmastree.org.

Listings of tree lots in California:

California Christmas Tree Organization:
www.cachristmas.com

Christmas tree lots, tree farms, hayrides, sleigh rides and other holiday fun:

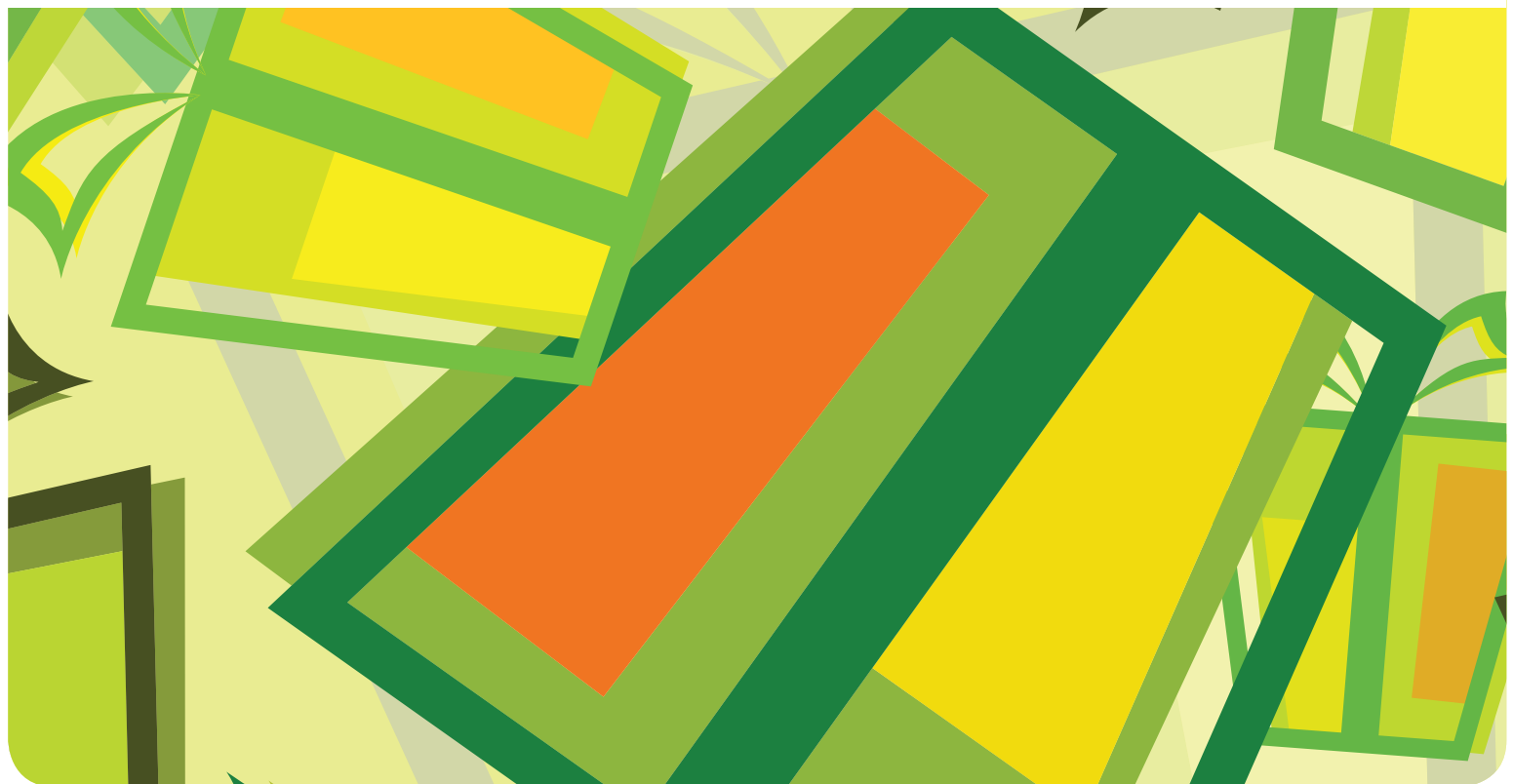
<http://pickyourownchristmastree.org/CXmastrees.php>



GIFT CARDS & CERTIFICATES ARE GREAT

But Be Aware of State Law

With the holidays near, the Department of Consumer Affairs reminds consumers that California has specific rules regarding one of the most popular gifts of the shopping season, gift cards, and what in itself has become a holiday ritual: **returns and exchanges.**





Gift Cards

California law protects gift card givers and recipients from expiration dates and dormancy fees in many cases, but consumers need to know when the protections apply and when they don't. In most cases California law treats a plastic gift card the same as a paper gift certificate. Both State and Federal laws prohibit the sale of gift cards and certificates in a deceptive manner, so it's illegal for sellers to conceal conditions, restrictions, or fees.

Here is some information on various types of cards:

SINGLE STORE CARDS

The card with the best consumer protections is the traditional gift certificate or card sold by a single business and used for goods or services from that business or its affiliates. A business doesn't have to redeem a gift card or certificate for cash, and doesn't have to give you cash if the balance after a purchase is \$10 or more. The retailer can give you another gift card if the balance after a purchase is more than \$10. However, if the balance is less than \$10, the consumer can demand the remainder in cash.

Expiration dates and service fees, including dormancy fees, are prohibited for single-store gift cards, with these exceptions:

Dormancy fee exception: Single-store cards can have a dormancy fee if the value drops to \$5 or less; the fee is \$1 or less per month; the card has been inactive for 24 consecutive months; and the owner can pay to re-charge the card for a value of more than \$5. The dormancy fee must be fully disclosed in advance and printed on the card.

Expiration date exception: Gift cards or gift certificates for perishable food items—other than restaurant meals—can have expiration dates. Restaurant gift certificates good for meals cannot have expiration dates. Another exception is gift certificates given free as a premium or promotion, or

“Given the rash of bankruptcies and other economic difficulties the State is facing, being aware of the issues surrounding gifts cards, and returns and exchanges is more important than ever.”

*Carrie Lopez, Director,
California Department of Consumer Affairs.*

sold below face value at a volume discount to employers or to nonprofit and charitable organizations for fundraising. Expiration dates must be printed on the front of each card in 10-point type.

MALL OR OTHER MULTIPLE-STORE GIFT CERTIFICATES

California law doesn't protect consumers from service fees and expiration dates when it comes to gift certificates or cards good at multiple businesses, such as gift cards that can be used at stores in a mall. If such a card or certificate has an expiration date, that fact has to be printed on the card or certificate. Fees must also be disclosed to purchasers. Consumers should weigh the benefits of these cards against the costs. The value of the gift card can be reduced or eliminated by expiration dates or dormancy fees.

GIFT CARDS SOLD BY BANKS

Bank gift cards can be used at multiple, unrelated businesses, so California laws prohibiting expiration dates and service fees, including dormancy fees, do not apply. However, California does require any expiration date to be printed on the card. Bank gift cards usually come with a variety of fees, such as purchase fees, monthly fees, inactivity fees, transaction fees, balance-inquiry fees, and replacement fees for lost cards. Consumers should shop around for the best deal, advise recipients of all terms and conditions, record the card number and retain all receipts.

GIFT CARDS AND BANKRUPTCIES

If a store goes out of business before the gift card is redeemed, a cardholder will have to file a claim with the bankruptcy court to redeem the card. The consumer is considered an unsecured creditor, and is usually far down the list of creditors making claims against the business. Therefore, it is a good practice to use a gift card promptly.

Refunds and Exchanges

California law allows retailers to impose conditions on returns—such as restocking fees—as long as customers are advised of the conditions before purchase. The law says the consumer expects a store to provide a refund, credit, or exchange if the customer returns the product within seven days with proof of purchase. If a retailer selling to California customers has a return policy that differs from this standard, the retailer must disclose it. If no return policy is posted, the standard policy should apply. Consumers should always ask if they aren't sure what the return policy is.

If a retailer has a return policy with more conditions, such as charging restocking fees, or requiring the customer to bring back the product in the original packaging, the retailer must conspicuously display its specific return policy. The policy must include the following:

- Whether cash refund, store credit, or exchanges will be given.
- The time period during which the customer may return the merchandise.
- The types of merchandise covered by the policy.
- Any other conditions, such as requiring that the merchandise be returned with its original package and proof of purchase.

Retailers don't have to offer refunds or exchanges for:

- Perishable items like food, flowers, and plants.
- Goods damaged by the customer.
- Goods sold with warnings like “as-is” or “all sales final.”
- Goods that can't be returned for health considerations.

DCA offers two free Legal Guides with more information:

- Gift Certificates
- Display of Return Policy by Retail Stores

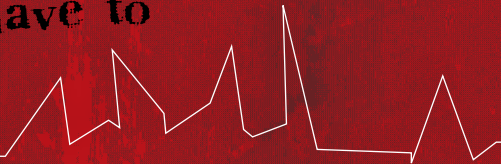
View them at www.dca.ca.gov/publications/legal_guides/index.shtml

Holiday stress doesn't have to get you down

The holiday season is upon us, and you know what that means, don't you? One more thing to stress about.



Holiday stress doesn't have to get you down



The American Psychological Association says half of all Americans say they are stressed about their ability to provide for their family's basic needs. Add in the demands of the holiday season, and you've got the potential for more sleepless nights, headaches, irritability, and other physical signs of stress.

Here are some suggestions to help you manage stress for the holidays—and at other times of the year:

- **Keep things in perspective.** Forget about the perfect gift, the perfect meal, the perfect celebration, the perfect family. Accept imperfections—your own and others'.
- **Take care of yourself.** Pay attention to your needs and feelings. Participate in activities that you enjoy and find relaxing. Eat well, exercise, and get enough sleep.
- **Stick to a budget.** Decide how much you can afford to spend on gifts, and stick to it. Running up the charge cards only adds to post-holiday stress.
- **Make connections.** Visit friends. Accept support from those who care about you. Volunteer at a religious or community event to help others.
- **Find healthy ways to manage stress.** Consider activities such as meditation, exercising, or talking things out with friends or family.

If you feel overwhelmed by stress, you may want to talk to a psychologist or other mental health professional. Here are some tips on finding professional help:

- The Board of Behavioral Sciences has links to consumer resources, including how to find a licensed mental health professional in your community: www.bbs.ca.gov/consumer/index.shtml
- The California Board of Psychology has links to mental health resources: www.psychboard.ca.gov
- The California Department of Mental Health has links to a variety of resources for mental health services: www.dmh.ca.gov
- The California Psychological Association can provide names of licensed psychologists in your area: www.cpapsych.org
- Network of Care for Mental/Behavioral Health has online links to services available in your county: <http://networkofcare.org/index2.cfm?productid=2&stateid=6>

Payday loans: Debt traps for many people

You need cash quick. Any of 2,500 payday loan outlets in California will loan you up to \$300 for two weeks if you have a pay stub and personal checking account. Yes, the fee is high (\$15 per \$100), but why worry since it's just a one-time deal? Because for most, it's not.

According to the California Reinvestment Coalition (CRC), some 1.5 million Californians get \$300 payday advance loans 11 times annually at a cost of \$45 per transaction. This adds up to \$757 million in payday loan fees paid by people who are often living on minimum-wage paychecks, disability, Social Security, or modest pensions. These multiple loans with multiple payday lenders can trap consumers in a cycle of debt.

If you are using payday loans to cover your living expenses from paycheck to paycheck, there may be other options. You could be eligible for State or Federal programs to help you pay for food, utilities, medicine, child care, housing, and other essentials. Contact your county social services office for information.

If you need help coping with debt, there are other options. (See the credit repair services article on page 22.) There are numerous government and private, non-profit organizations in California that provide free or low-cost financial and debt counseling, especially for people with modest incomes. For a list of legal aid societies throughout California, go online to www.dca.ca.gov/publications/guide/legal_index.shtml.

Payday loans, also called deferred deposit transactions, are just one of the ways low-income consumers end up paying for services that are far cheaper, (sometimes free) for consumers using banks, credit unions, and other traditional financial institutions.



Here are some other ways:

Check cashing

California law allows companies to charge consumers up to 3.5 percent just to cash payroll checks. Maintaining a checking account at a bank, even one with an account with a monthly fee, might be a cheaper way to get your payroll check cashed.

Some banks will accept Matricula Consular ID cards, issued to Mexican citizens by their consulate, as acceptable identification to open an account.

Wire/international money transfers

A typical charge to send \$100 to Mexico for pickup the same day is \$15. By shopping around, consumers may be able to get better rates on international money transfers.

For example, the U.S. Post Office offers a Sure Money (Dinero Seguro) service that can wire up to \$2,000 in 15 minutes to Mexico and nine Central and South American countries. Similarly, some banks are offering credit and debit cards that account holders can share with family members living abroad.

The following sources have more information about payday loans and debt relief.

"Debt Relief: Beware the Frauds", *AARP Magazine*, May-June 2007; www.aarpmagazine.org/money/debt_relief_beware.html

"Don't Get Trapped By Payday Loans" California Reinvestment Coalition; www.calreinvest.org/predatory-lending/dont-get-trapped-by-payday-loans-brochure

"Payday Loan Consumer Information" Consumer Federation of America; www.paydayloaninfo.org

"Payday Loans Equal Very Costly Cash: Consumers Urged to Consider Alternatives" U.S. Federal Trade Commission; www.ftc.gov/bcp/edu/pubs/consumer/alerts/alt060.shtm

Problems found with State's payday lenders

A 2007 survey from the California Department of Corporations found a variety of problems with payday lenders in California. The 2007 Report to the Governor and Legislature stated in part, "Compliance with the letter of the law appears to be the biggest challenge the payday industry faces." The survey of 253 payday-lending outlets revealed non-compliance with regulatory requirements, including the following:

Hidden costs: 32 percent of the surveyed outlets did not post a complete schedule of fees. The remainder posted an "indiscernible schedule," printed in lettering that was too small to read. Also, 70 percent of outlet employees did not know the APRs charged for their payday products.

Illegal extension fees: Although lenders are not required to extend the term of the loan from two weeks to one month, 25 percent of those that do charge an additional fee, prohibited by law.

Bogus collateral: 84 percent of surveyed lenders did not have required notices stating: "No collateral may be accepted with the loan." Some lenders asked for automobile titles as payday loan collateral.

Refund refusal: 38 percent of surveyed lenders would allow consumers who had just taken out a loan to change their minds, but they kept the fee—\$45 for a \$255 loan. This is illegal.



Intimidation, threats: 51 percent of payday lenders did not post or otherwise notify consumers that they could not be criminally prosecuted in order to fulfill the obligations of the loan. This can lead to intimidation and threats being used against consumers who are unable to pay back the loan.

Complaints: 78 percent of the surveyed businesses failed to provide the required California Department of Corporation's toll-free number to register complaints against lenders.

Where to complain:

If you think you have been overcharged or that a financial services outlet is breaking the law, contact one of the following agencies:

For payday lenders: Contact the California Department of Corporations at (866) 275-2677, or go online to www.corp.ca.gov.

For check cashing: Contact the California Attorney General's Office Check Casher Permit Program at (916) 227-6409 or go online to <http://ag.ca.gov/casher/index.php>.

For money wires/international money transfers: Contact the California Department of Financial Institutions at (800) 622-0620, or go online to www.dfi.ca.gov.

Source: 2007 Department of Corporations Payday Loan Study www.corp.ca.gov/pub/pdf/PDLStudy07C.pdf.

Credit repair services: Watch out for scams

Our currently troubled economy has been a boon for credit repair services.

Television, the Web, magazines, and telemarketers are all pitching companies that promise quick and cheap ways to eliminate debt and clear bad credit. Many of these services are frauds, warns the U.S. Federal Trade Commission (FTC).

Only time, a deliberate effort, and a plan to repay your bills will improve your credit, says the FTC. The agency has detailed advice online at www.ftc.gov/bcp/edu/pubs/consumer/credit/cre03.shtm.

If you're worried about your credit, experts say the first thing to do is get a copy of your credit report. Go online to www.annualcreditreport.com for information on how to get a free copy of your credit report. Contact the credit reporting agency directly to correct any information on the report.

Besides credit repair services, consumers should also be wary of credit counseling and debt management companies. Some have excessive and hidden fees. Some offer services they cannot deliver, such as instant debt relief or excellent credit.

Credit counselors and debt managers must register with the Department of Corporations. If you are thinking of using either of these services, check first with the Department of Corporations (DOC) and your local Better Business Bureau.

Department of Corporations
www.corp.ca.gov
866-ASK-CORP (866-275-2677)

Better Business Bureau
www.bbb.org

The Department of Consumer Affairs' Legal Guide (CR-9) has information about State and Federal laws that protect consumers who use credit repair services. You can find the guide online at www.dca.ca.gov/publications. Go to Legal Guides.

You may also wish to talk to a lawyer to discuss your options, including bankruptcy. To find a lawyer for your needs, contact the State Bar of California Lawyer Referral Services (LRS):

Web site: www.calbar.ca.gov/lrs
Phone: 866-44-CA-Law (866-442-2529)
E-mail: LRS@calbar.ca.gov

To find legal aid offices and other free and low-cost services in your county, go online to:

www.dca.ca.gov/publications/guide/legal_index.shtml

OR

<http://LawHelpCalifornia.org>

If you think you have been the victim of a credit repair scam, you can file a complaint at www.ftc.gov or call 877-FTC-HELP.

A side note:

In late October, the FTC filed a complaint in Federal court against a California-based credit repair company alleging unlawful business practices. According to the FTC complaint, Successful Credit Service Corporation, also known as Success Credit Services, and Tracy Ballard, also known as Tracy Ballard-Straughn, claim they can remove negative information from consumers' credit reports, even if that information is accurate and timely. Consumers who used the service were reportedly charged \$3,000 to \$4,000.

"Companies that promise they are able to scrub your credit reports of accurate, negative information for a fee are lying—plain and simple," said Lydia Parnes, Director of the FTC's Bureau of Consumer Protection. "Under federal law, accurate, negative information can be reported for up to seven years, and some bankruptcies can be reported for up to 10 years."

For more details on the complaint, go online to: www.ftc.gov/opa/2008/10/opcleansweep.shtm



Upgrading your TV?

Get rid of your old one safely

If the upcoming analog- to digital-TV transition will leave you with an old TV to get rid of, here's a tip: Don't even think of putting it in the trash. For one thing, you'd be breaking the law. Most older TVs contain dangerous levels of lead, mercury, and other chemicals that can cause a host of environmental problems in landfills. That's why they need to be recycled, not dumped.



What if your TV isn't usable anymore? How do you get rid of it? Here are some options:

- Ask major electronics retailers in your area if they'll accept a TV for recycling. Major chain stores such as Best Buy or Circuit City may take back your old TV if you buy a new one from them. Call a store near you for specifics.
- Contact your city's or county's solid waste collection department. Many communities will accept old TVs and other electronic waste (called e-waste) at locations that accept household hazardous waste. Some communities will even pick up the e-waste at your home.
- Look for collection events in your community. Nonprofit groups, schools, businesses, and other entities hold e-waste collection events where you can bring TVs, computers, and other electronic devices for recycling.
- Go online to find an e-waste collector. There are more than 600 State-approved collectors in California that accept televisions and other e-waste for recycling. Here are some Web sites to consult when looking for a site near you:
 - www.ciwmb.ca.gov/Electronics/Collection/RecyclerSearch.aspx
(California Integrated Waste Management Board)
 - <http://Earth911.org/California>
 - www.eRecycle.org
 - www.eWastecenter.com
 - www.ElectronicRecyclers.com
 - www.cawRecycles.org
 - www.ease-e-waste.com
 - www.unwaste.com
 - www.zerowaste.ca.gov
 - www.computertakeback.com

Be aware, however, that not all the electronics equipment sent off for recycling ends up at an appropriately managed facility, according to *Consumer Reports*.

As a consumer, you can take steps to make sure your electronic equipment is recycled responsibly. One way is to consider using a recycler who has signed the Electronics Recycler's Pledge of True Stewardship. Recyclers who sign the pledge agree to meet the highest standards in electronics recycling, including not exporting toxic waste to developing countries.

The pledge is an initiative of the Silicon Valley Toxics Coalition, the Basel Action Network and the Computer TakeBack Campaign. For more information about the pledge and a list of e-Stewards, go online to www.ComputerTakeBack.com. For more information on *Consumer Reports'* Greener Choices, go online to www.GreenerChoices.org.

The Electronics Recycler's Pledge of True Stewardship stems from concerns that some U.S. companies export e-waste to developing nations in Asia and West Africa, where workers in e-waste salvage dumps use open-air burning and acid baths to retrieve valuable metals such as nickel, gold, and copper.

Such unsafe salvage practices endanger human health and poison the environment. A September 2008 report by the U.S. General Accounting Office (GAO) detailed the problem worldwide and advocated steps to "stem the export of potentially hazardous used electronics" overseas. The full GAO report can be viewed online at www.gao.gov/new.items/d081166t.pdf.



Recycling reminders

While on the subject of recycling, here are some reminders about recycling other consumer products:

Bottles and cans

You can recycle aluminum cans, steel/tin cans, and glass bottles through curbside pickup in most communities. Bottles and cans with a CRV value can be redeemed for cash—5 cents for containers less than 24 ounces, 10 cents for containers 24 ounces or larger. To find a redemption center near you, visit www.bottlesandcans.com or call 800.RECYCLE or 800.732.9253.

Batteries

Single-use and rechargeable batteries, including rechargeable wireless products, cordless tools, etc., can usually be collected as part of e-waste. Some retail outlets, such as home improvement stores, home electronics stores, office supply stores, and more, may accept batteries for recycling. To find a battery recycling location near you, visit:

<http://ciwmb.ca.gov/Electronics/Collection/RecyclerSearch.aspx> (California Integrated Waste Management Board)

www.rbrc.org/index.html (Rechargeable Battery Recycling Corporation)

www.cawrecycles.org (Californians Against Waste)

Polystyrene packing “peanuts”

These packing peanuts can be reused or recycled. Many retail pack-and-ship stores will accept these packing materials. Contact a store in your neighborhood or visit www.loosefillpackaging.com/search/default.asp for more information.

Plastic carryout grocery bags

Most grocery stores have bins in their stores for consumers to drop off plastic bags for recycling. Many stores also offer reusable canvas bags for sale, often for about \$1 each.

Fluorescent bulbs

Compact fluorescent bulbs and fluorescent tube lights cannot be discarded in the trash. All Home Depot and IKEA stores, some other retail stores, and universal waste collectors will take back fluorescent bulbs. For a list of outlets statewide, visit <http://ciwmb.ca.gov/Electronics/Collection/RecyclerSearch.aspx>.

Want to know more about the upcoming analog-to-digital TV transition? See story on the next page.



Clearing up the digital TV transition

On February 17, 2009, full-power television stations across the country will stop broadcasting in analog format and will broadcast only in digital format. Whether the change affects you depends on the type of TV you have and how you get the TV signal.

REMEMBER: If you have cable or a satellite dish with any kind of TV (analog or digital), you don't have to do anything. If you have a newer, digital TV—with or without cable or a satellite dish—you don't have to do anything.

Only consumers who have an analog TV and use an antenna to get TV signals will have to buy a digital converter box, which cost about \$40. The Federal government will give you two coupon vouchers, worth \$40 each, to buy two converter boxes. (Every analog TV will need its own box.) Go online to **www.dtv2009.gov**, or call 888-DTV-2009 to have coupon vouchers mailed to you. Have the coupon in-hand when you go shopping for a converter box. You won't be reimbursed if you buy a converter box without a coupon voucher.

Converter boxes are sold at Target, Best Buy, Sears, Kmart, Walmart, Radio Shack, Circuit City, and other retailers that sell home electronics. Check online at www.dtv2009.gov for a list of stores near you. Call ahead to be sure boxes are in stock.

Have an old analog TV to get rid of?

See page 23





**Need a license
for your job?**

Read on!

If you need a license to drive a truck, you go to the Department of Motor Vehicles. If you need a license to practice medicine, you go to the Medical Board of California. But what about the hundreds of other occupations in California that require professional licensing? Do you know where or how to get that essential document?

For example: Who licenses a bail bonds agent? A loan officer? A mobile home salesperson? A paramedic? An architect?

The answer is at your fingertips. The State of California's official Web site, www.ca.gov, has licensing information on business, consumer services, and healthcare occupations. In many instances, licensing requirements—and applications—are available online.

For consumers, the site also links to a database where you can verify that the professional you hire has a valid license,

something that's an important part of consumer protection. Besides checking the license, it's also a good idea to talk to references and check with your local Better Business Bureau or a professional society before hiring a licensed professional to work for you.

For licenses and links to the entities that issue them, go online to:
www.ca.gov/Employment/Licenses.html

For license verification, go online to:
www.consumerservices.ca.gov/license_verification.shtml

For most California professional licenses, the search for license information is simple. The Department of Consumer Affairs (DCA), which licenses more than 255 professions in California, has an easy, convenient way to find information about licensing or to verify the status of the more than 2.4 million people in the State who hold DCA licenses:

Visit www.dca.ca.gov or call 800-952-5210

Real estate and financial services licenses

For the real estate and financial services professions, the Department of Real Estate, the Office of Real Estate Appraisers, the Department of Corporations and the Department of Financial Institutions have a Web site that serves as a one-stop resource for California real estate and financial services license information, laws, and regulations.

Find it at: www.dre.ca.gov/gen_lic_info.html.

Healthcare and social services licenses

For general information on licenses for health care professionals in California, visit a Web site hosted by the California Department of Public Health. Find it at: www.cdph.ca.gov/certlic/occupations/Pages/HealthCareProfessionals.aspx.

Not included are paramedics, who are licensed by the Emergency Medical Services Authority. Visit www.emsa.ca.gov or call 916-323-9875.

Other licensing entities

For information about licenses for insurance agents and brokers (who sell auto insurance, homeowner's insurance, life insurance, etc.) and bail bonds agents, contact:

Department of Insurance
www.insurance.ca.gov
800-927-HELP or 800-927-4357

For information about licenses for car salespersons, auto dismantlers, vehicle transporters, driving schools, and driving instructors, contact:

Department of Motor Vehicles
www.dmv.ca.gov 800-777-0133

For information about licenses for mobile home sales brokers, manufactured home dealers or sales persons, contact:

Department of Housing and Community Development
www.hcd.ca.gov 800-952-5275

CONSUMER SCAM ALERT:

ROUNDUP OF CURRENT SCAMS

House thieves, ski-masked scofflaws who creep through your second-story window, are old school compared to the latest wrinkle that combines identity theft and mortgage fraud. These criminals aren't just after your jewelry or TV, they're after your house, warns the FBI.

Here's how the scam works: A scam artist finds a vacation or rental home or an unoccupied house. Then the scammer creates a fake ID in the homeowner's name, sells the property, and pockets the profit.

House stealing (sometimes called deed piracy) has occurred in at least seven states, with more than 100 thefts in California, according to the FBI. Prevention is not easy. One sign might be receiving a payment book from a mortgage company that's not yours. Never ignore this. Also check with your county recorder's office to find out if there is any new paperwork or signatures related to your property.

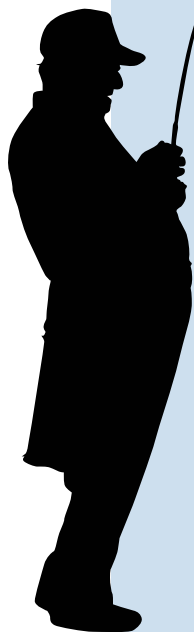


Security code phishers

Cons who are fishing (phishing) for your ID or credit card information have been calling consumers and posing as bank or credit card representatives for some time. Lately, according to the U.S. Federal Trade Commission, these criminals have been upgrading their ploys to increase the consumer's confidence that the call is genuine. They use the information they have, your credit card number and address, to get what they do not have, the security code on the back of your credit card.

Here's how the scam works: The scammer calls claiming to be from the security and fraud department of Visa or MasterCard and gives you a bogus badge number while notifying you that your account has been flagged for suspicious activity. He or she already has your credit card number and might mention a number of items which you deny purchasing. He or she then promises to credit your account, and asks you to confirm possession of the card by reading the three-digit security code on the back of the credit card. Once the scammer has your three-digit code, he or she can begin making purchases on your card without your knowledge.


The Security and Fraud Departments of Visa and MasterCard report they receive complaints about this scam every day. They remind consumers that they would never ask for the code number off your credit card because they already have it. In addition, calls about suspicious activity on your card would likely come from the financial institution that issued the card, not Visa or MasterCard.





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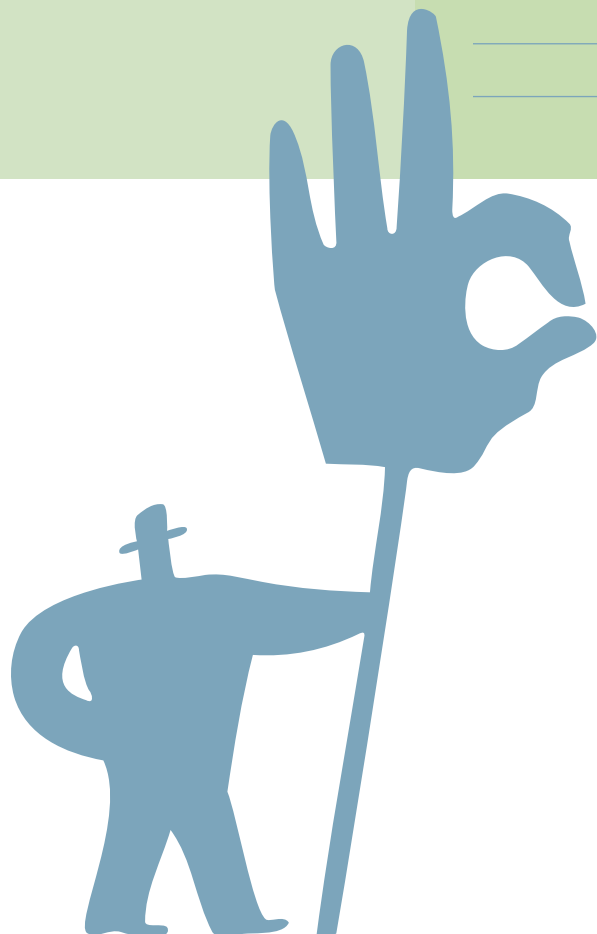
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**1625 North Market Blvd.
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Sacramento, CA 95834**

For consumer information and assistance, contact DCA's Consumer Information Center toll-free at (800) 952-5210, by e-mail to dca@dca.ca.gov, or online at www.dca.ca.gov/cic.

MONEY\$MART\$ Taxes



1. According to the U.S. Internal Revenue Service (IRS), which of the following is not a common mistake made on income tax returns?

- A. Incorrect or missing Social Security numbers.
- B. Incorrect tax entered from the tables.
- C. Failure to list interest from offshore accounts.
- D. Computation errors in figuring the child and dependent care credit or the earned income credit.
- E. Math errors, both addition and subtraction.

2. You can write off expenses related to education only if it is required by your employer or by law to keep your present job.

True or false?

Answers

1. C. Failure to list interest from offshore accounts. Even though this is not a common mistake, remember that you must report all interest earned from a savings account, regardless of where your money was invested.

2. False. In general, expenses for education are deductible if the education maintains or improves the job skills needed in your present work. This may include refresher courses, courses on current developments or other academic or vocational courses. The deduction is subject to limits.

3. How long are you required to keep your W-2 forms and other tax records?

- A. One fiscal year.
- B. Two years.
- C. Three years, or as long as the records are applicable to your tax status.
- D. Five years.

4. Once a paid tax preparer signs your IRS Form 1040 and your California Franchise Tax Board (FTB) 540, he or she is responsible to them for any errors.

True or false?

3. C. Three years is the statute of limitations on filing an amended return (1040X). Some records should be kept for longer than three years, however. Consult your tax professional for specifics.

4. False. Both State and Federal tax agencies consider you responsible for any errors on your tax forms. If an error was made by your tax preparer, you may be able to collect compensation for any fines, depending on the terms you agreed to when you hired the person to do your taxes.

Remember, in California, anyone who receives compensation for preparing taxes must be licensed. Tax preparers fall into four categories: attorneys, accountants, enrolled agents, and California Tax Education Council (CTEC) registered tax preparers. The best type of preparer for you will depend on your sources of income and tax status.

The FTB has a guide on how to select a tax preparer. You can order it by calling: 800-338-0505, or you may download it from their Web site at: www.ftb.ca.gov/forms/misc/982.pdf.

To check the licenses of individual tax preparers, contact the agency that regulates them:

The California State Bar licenses and regulates California attorneys.
www.calbar.ca.gov 866-442-2529

The California Board of Accountancy licenses and regulates California Certified Public Accountants and Public Accountants
www.cba.ca.gov 916-263-3680

The Office of Professional Responsibility of the Internal Revenue Service (IRS) Certifies and regulates Enrolled Agents.
www.irs.gov 800-829-1040

The California Tax Education Council registers California tax preparers that are not otherwise regulated.
www.ctec.org 877-850-2832

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